

## Toronto Port Lands Company – 2009 Audited Financial Statements

<b>Date:</b>	August 3, 2010
<b>To:</b>	Executive Committee
<b>From:</b>	Deputy City Manager and Chief Financial Officer

P:\2010\Internal Services\Cf\Ec10045cf (AFS #12267)

### Disclosure of Financial Results:

Toronto City Council is the sole shareholder of TEDCO, a corporation incorporated pursuant to the provisions of the City of Toronto Act, 1985 under the Business Corporations Act (*Ontario*) (“OBCA”) on March 21, 1986.

At its meeting of August 5 and 6, 2009, City Council directed the corporation to operate under an alternative name. The Board of Directors chose the name Toronto Port Lands Company; however, the official name remains the City of Toronto Economic Development Corporation since this name is determined by the enabling legislation from 1984.

Section 8.3 of the Shareholder Direction requires the Corporation to deliver its audited consolidated annual financial statements to the Shareholder within 120 days of its fiscal year end. These documents are filed with the City Clerk’s office. This report provides a summary of the Audited 2009 Financial Statements.

### Financial Results

#### Other Income/Expenses

TEDCO reported Income from Operations for 2009 of \$0.9 million compared with a Loss from Operations of \$2.5 million in 2008. The positive year over year change of \$3.4 million is caused by an increase in revenues of \$1.0 million and a decrease in operating expenses of \$2.4 million.

The decrease in operating expenses is primarily due to declines in –

- salaries and benefit expense of \$1.0 million, the decline due to one-time restructuring charges recorded in the prior year,
- rental properties expense of \$0.5 million,
- bad debts expense of \$0.5 million,
- office expenses of \$0.3 million,
- surveys, studies & marketing of \$0.3 million

Offset in part by

- Increased Amortization of \$0.2 million

## Other Income/Expenses

The corporation generated net other income of \$7.5 million in 2009 made up of the following -

### Other Income

1. \$9.2 million from a land sale
2. \$1.1 million in payments from OPG, including (i) a payment of \$0.95 million against the settlement of an agreement in respect of water taking rights and (ii) \$0.16 million representing compensation for access to TEDCO's private road in the vicinity of the Portlands Energy Centre
3. Tax increment equivalent grant of \$0.2 million.

### Other Expenses

1. \$0.9 million Loss on Investment – Toronto Waterfront Studios Inc (TWSI)
2. \$0.2 million interest expense on loans
3. \$1.0 million grants payment ('Incubator Program funding expense')
4. \$0.9 million grant to Invest Toronto Inc.

## Excess Revenues over Expenses

Overall, TEDCO reports a Surplus of Revenues over Expenses for the fiscal year ended December 31, 2009 of \$8.4 million compared to a deficit of \$2.7 million for 2008. The following table provides a summary of the results for TEDCO:

<b>Consolidated Financial Results of TEDCO (\$ millions)</b>				
	Year ended Dec 31, 2009	Year ended Dec 31, 2008	Year ended Dec 31, 2007	Year ended Dec 31, 2006
	Audited	Audited	Audited	Audited
Operating Revenue	\$9.5	\$8.5	\$9.4	\$11.0
Less: Operating Expenses	\$8.6	\$11.0	\$8.8	\$10.4
Subtotal: Operating Profit (loss)	\$0.9	(\$2.5)	\$0.6	\$0.6
Other Income/Expenses				
Non-recurring income	\$10.3	\$0.4	\$5.9	\$6.5
Tax Increment Equivalent Grant	\$0.2	\$0.2	\$0.2	-
Less:				
Loss on Investment - TWSI	\$0.9			
Interest Expense	\$0.2			
Grants Expense	\$1.9	\$0.8	\$3.7	\$3.7
Subtotal: Other Income/Expenses	\$7.5	(\$0.2)	\$2.4	\$3.2
Excess (Shortfall) of Revenue over Expenses	\$8.4	(\$2.7)	\$3.0	\$3.4

## Balance Sheet

Shareholder's Equity decreased to \$8.1 million at year-end 2009, the decline reflecting the transfer of assets to "Build Toronto Inc." at December 31, 2009. The reorganization of the Corporations assets, liabilities and operations is currently ongoing.

Consolidated assets at yearend 2009 totalled \$200.0 million compared to \$136.5 million for 2008. The increase of \$63.5 million is primarily attributable to ongoing development of properties such as the Corus Building project in the waterfront, and mortgage financing issued on the 2009 property sale.

Total liabilities increased to \$191.9 million compared to \$122.3 million in 2008, an increase of \$69.6 million. The increase is primarily attributable to increased loans from the City including (i) further draws on the construction facility totalling \$75.9 million for the Corus Centre (\$101.2M – 2009 vs \$25.3M – 2008), (ii) \$6.7 million to acquire 20% interest in Toronto Waterfront Studios Inc., and (iii) offset by City Council forgiving the \$13.0 million loan provided as part of the transfer of the Midland & St. Clair properties at its meeting of May 2009.

The decline in Shareholder's Equity for 2009 reflects the asset transfer to Build Toronto.

The following table provides a summary of the Balance Sheet for TEDCO:

<b>Balance Sheet - TEDCO</b>				
<b>(\$ millions)</b>				
	Year ended Dec 31, 2009	Year ended Dec 31, 2008	Year ended Dec 31, 2007	Year ended Dec 31, 2006
	Audited	Audited	Audited	Audited
Total Assets	\$200.0	\$136.5	\$91.1	\$81.9
Total Liabilities	\$191.9	\$122.3	\$74.2	\$68.0
Shareholder's Equity	\$8.1	\$14.2	\$16.9	\$13.9
Total Liabilities & Shareholder's Equity	\$200.0	\$136.5	\$91.1	\$81.9

## **CONTACT**

Len Brittain, Director, Corporate Finance Division; Tel: (416) 392-5380;  
Fax: (416) 397-4555; E-mail: [lbrittai@toronto.ca](mailto:lbrittai@toronto.ca)

## **SIGNATURE**

---

Cam Weldon  
Deputy City Manager and Chief Financial Officer

## **ATTACHMENT**

Appendix A – 2009 Audited Consolidated Financial Statements of Toronto Economic Development Corporation c.o.b. Toronto Port Lands Company